

U.S. Small Business Administration

Rick Kresser

Chief of Finance
U.S. Small Business Administration
330 North Brand Boulevard, Suite 1200
Glendale, CA 91203-2308

Phone: (818) 552-3215

(800) 359-1833 Toll-free

Fax: (818) 552-3260 Website: www.sba.gov/ca/la



Financial Assistance

U.S. Small Business Administration

Rick Kresser, Chief of Finance

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Programs Available for Small Businesses

 SCORE - a free one-on-one counseling service with SCORE (Service Corps of Retired Executives) officials. Volunteer counselors, whose collective experience spans the full range of American enterprise, share their management and technical expertise with small business owners.

Programs Available for Small Businesses

 Business Information Resource Center – located in the Mid-Wilshire District, presents a stateof-the-art approach to providing cost free assistance for small start up and existing businesses.

Programs Available for Small Businesses

 Certificate of Competency – a program that allows a small business to appeal a contracting officer's determination that it is unable to fulfill the requirements of a specific government contract on which it is the apparent lowest bidder.

Guaranty Loan Program

 A 7(a) loan guaranty is the SBA's primary loan program. The SBA reduces risk to lenders by guaranteeing major portions of loans to small businesses. This enables the lender to provide financing to small businesses when funding is otherwise unavailable on reasonable terms.

Guaranty Loan Program (Cont'd)

- Businesses can use the 7(a) loan proceeds to:
 - expand or renovate facilities:
 - purchase machinery, equipment, fixtures and leasehold improvements;
 - finance receivables and augment working capital;
 - · refinance existing debt with compelling reason;
 - . finance seasonal lines of credit;
 - · construct commercial buildings and/or
- purchase land or buildings

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Guaranty Loan Program (Cont'd)

- Repayment depends on the use of the proceeds and the ability of your business to repay.
- Usually the term is 5 to 10 years for working capital and up to 25 years for fixed assets such as the purchase or major renovation of real estate or purchase of equipment (not to exceed the life of the equipment).

Guaranty Loan Program (Cont'd)

- Interest rates are up to the lender, and eligible businesses must be operated for profit and fall within the size standards set by SBA.
- Businesses must pledge sufficient assets, to the extent that they are reasonably available to adequately secure the loan.

What To Take

- Businesses need to take the following information to the lender:
 - Purpose of the loan
 - . History of the business
 - Financial statements for three years
 - Schedule of term debt (debt ratio)
 - Aging of accounts receivable and payable

What To Take (Cont'd)

- Businesses also need to take:
 - Lease details
 - Projected income, expenses and cash flow
 - Signed personal statements
 - Personal resume

What We're Looking For

- Good character,
- Management expertise and commitment,
- Sufficient funds, including SBA guaranteed loan,
- Feasible business plan,
- Adequate equity or investment in the business,
- Sufficient collateral,
- . Ability to repay the loan.



Small Business Development Center

Richard Meyer

Satellite Manager
Eastern Los Angeles County
Small Business Development Center
Rio Hondo College Training Center
10505 Valley Boulevard, Suite 308
El Monte, CA 91731

Phone: (800) 450-7232 Toll-free



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Small Business Development Center

Richard Meyer, Satellite Manager, Eastern Los Angeles County













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Richard Meyer, Satellite Manager, Eastern Los Angeles County















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Small Business Development Center

Richard Meyer, Satellite Manager, Eastern Los Angeles County



Working With the SCAQMD and CALCAP

- Help in preparing business plans and financial forecasting
- One on one counseling to help correct deficiencies in applications
- Long-Term training and counseling to assist in creating a successful business.





California Capital Access Program

Karen Newquist

Program Manager
California Capital Access Program
California Pollution Control Financing Authority
915 Capital Mall, Room 457
Sacramento, CA 95814
Phone: (916) 654-5610

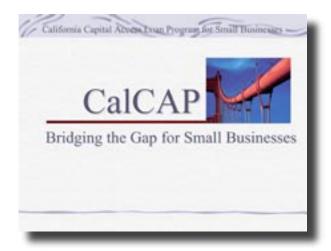
Fax: (916) 657-4821

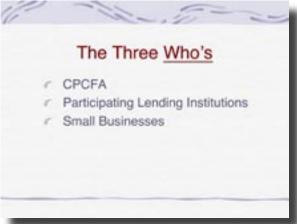
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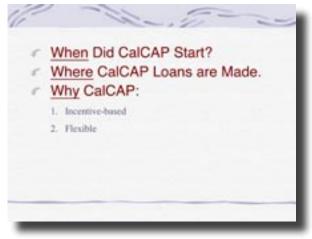
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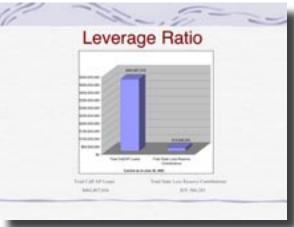
California Capital Access Program
Karen Newquist, Program Manger

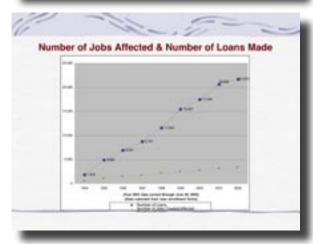












California Capital Access Program
Karen Newquist, Program Manger













Community Financial Resources Center

Forescee Hogan-Rowels

President & CEO
Community Financial Resource Center
4060 South Figueroa St.
Los Angeles, CA 90037
Phone: (323) 233-1900

Fax: (323) 235-1686 Email: info@cfrc.org



Financial Assistance

Community Financial Resource Center

Forescee Hogan-Rowels, President & CEO









Community Financial Resource CenterForescee Hogan-Rowels, President & CEO







Community Bank

Armando Romero

Vice President /Relationship Manager Community Bank 150 Hacienda Blvd. City of Industry, CA 91745 Phone: (626) 934-1344

Fax: (626) 330-9974



Financial Assistance

Community Bank

Armando Romero, Vice President, Relationship Manager



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Community Bank Armando Romero Vice President, Relationship Manager



Equipment Loan Terms

 Under certain circumstances, for a strong borrower, up to seven years will be considered. Equipment that maintains market value would also dictate longer loan terms.



Equipment Financing

 Loans are made to finance the purchase of equipment by the end user and are secured by the equipment being acquired.



Purchase Money Security Interest

- It is essential to perfect purchase money security interest in order to acquire lender's rights in the collateral.
- The security interest is taken under the California Uniform Commercial Code or UCC-1.



Loan Terms Offered by Banks

- Typically equipment loans are fully amortizing with standard loan terms of:
 - Up to 60 months for the purchase of new equipment
 - Up to 48 months for the purchase of used equipment or...



Security Interest

- UCC-1 is filed either with the County or State.
- UCC-1 is the document that secures the collateral.
- UCC-2 is termination of security interest.
- UCC-3 is records search.

Community Bank

Armando Romero, Vice President, Relationship Manager



Factors Affecting Advance Rates

- Potential borrowers with debt service capabilities are easily determined and require less reliance on the equipment collateral for loan support.
- However, reliance on the equipment collateral is essential for small sole proprietorships with less sophisticated financial information.



Equipment Appraisals

- Banks obtain "desk top" liquidation values and resell demands on:
 - Used equipment.
 - New equipment, if the dealer's integrity is questionable.
 - · When appraisals are outdated.



Factors Affecting Advance Rates

- For financially challenged borrowers:
 - Equipment resaleability and liquidation values are given emphasis in the determination of loan quality...and
 - A larger amount of equity in the equipment being financed may be required or additional collateral pledged.



Insurance Requirements

 Prior to loan funding, the bank will obtain verification that adequate insurance coverage on the equipment is in place and that the bank is named as loss payee.



Borrower Requirements

- Demonstrated cash flow sufficient to service all debts requirements.
- Provide acceptable equipment collateral for which a known resale market exists.
- Have a minimum of 3 years in business with same ownership (except with SBA guaranteed loans).
- · Have good trade and bank references.



Landlord's Waiver

 The waiver recognizes the Bank's lien rights in the equipment and its right to enter the premises and remove the equipment. The waiver contains a clause requiring the landlord to notify the Bank in case of lease default allowing the Bank an opportunity to cure any payment default in order to protect its collateral.



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Five "Cs" of Credit

- Cash Flow
- Collateral
- Conditions
- Character
- Capital



Examples of Equipment Financed

- Equipment that is income producing

 makes the product that produces
- Inspection equipment equipment that is income saving or assures quality and reduces returns.
- Auxiliary equipment (sometimes required) helps during production.



Examples of Equipment Financed

- Auxiliary equipment:
 - · Parts washing
 - Waste product recycling
 - Dust collectors



Quail Capital Corporation

Steve Levine

Syndication Manager Quail Capital Corporation 2310 West Victory Blvd. Burbank, CA 91506

Phone: (818) 843-8686

(888) 44-QUAIL (7-8245)

Fax: (818) 843-3767

Email: slevine@quailcap.com



Financial Assistance

Quail Capital CorporationSteve Levine, Syndications Manger

Financial Assistance Steve Levine Syndications Manager Quail Capital Corporation (818) 44-QUAIL

Quail Capital Corp Your Funding Partner Through our strategic relationships with major banks and financial companies, we have crafted a series of programs to meet the needs of virtually any broker/lessor.

■ We can work with you as a strategic partner, offering good rates, fast turnaround, a variety of lease and financing packages and excellent service.

■ Application only to \$75,000
■ Commercial to \$10,000,000
■ A - C and Structured Credits
■ Competitive Buy Rates
■ Real Estate Secured to 20 Years
■ Franchise Financing
■ Muni and Government Loans

Leasing Equipment Versus Buying

- Quail Capital Corp. offers financing for equipment leasing.
- 90% of all companies in America use leasing as an option and there can be tax advantages to leasing over buying equipment.
- Leasing offers flexibility to businesses, and many businesses uses the lease with an option to buy the equipment.

Reasons to Lease Equipment

- Place more money on the companies' balance sheets;
- Can upgrade equipment on lease, i.e. computers, technology; and,
- Maximizes greatest amount of flexibility.

Our Lease Programs

MASTER LEASE

 Approval is granted for funding of the client's projected needs over period of time prior to the first acquisition. This makes subsequent take downs easier. Credit lines can be established for amounts as small as \$50,000 and as high as \$10,000,000.

Quail Capital CorporationSteve Levine, Syndications Manger

Our Lease Programs (Cont'd)

- "APPLICATION ONLY" LEASE ("A" "C" and Startup Programs)
 - Two to twenty four hour credit approval on complete applications for amounts up to \$75,000 for established companies with basically good credit.
 - Call or e-mail Rick Rodman for details and the latest rates on this program.
 rrodman@quailcap.com

Our Lease Programs (Cont'd)

- START UPS
 - We routinely arrange financing for a new or young companies for reasonable amounts of needed equipment. Limits up to \$50,000.

Our Lease Programs (Cont'd)

- REAL ESTATE SECURED
 - We can enhance the doability of lease packages by taking a security position in real property. This capability is often the difference in getting transactions approved for young or credit challenged entities.

Our Lease Programs (Cont'd)

- TRADITIONAL FINANCE LEASES
 - Terms from 12 to 180 months with purchase and/or renewal options available at lease end.

Our Lease Programs (Cont'd)

- SALE/LEASEBACK AND REFINANCING
 - A variety of solutions to generate operating funds from currently owned assets. Call us for details or to review a transaction.

How to Contact Us

Mohammed Ahsan mahsan@quailcap.com Steve Levine slevine@quailcap.com Rick Rodman modman@quailcap.com

Or Call Us at: 818-843-8686 or 888-44-QUAIL (7-8245)

Visit Our Website: www.quailcap.com